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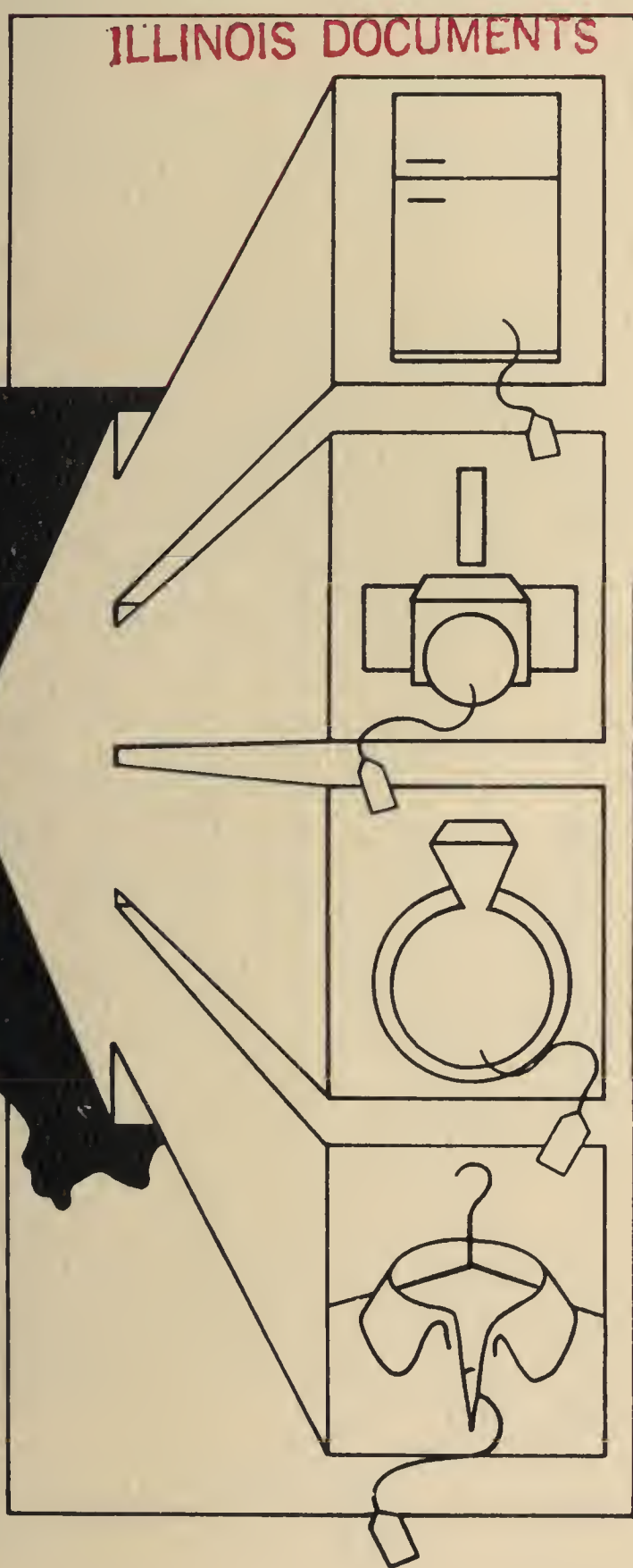


Illinois  
Department of  
Revenue

**USE TAX**

**ILLINOIS STATE LIBRARY**

**AUG 18 1987**



# **Do you owe Illinois use tax?**

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## **Do you make out-of-state purchases?**

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Have you bought merchandise from out-of-state businesses that didn't charge sales taxes?

For example:

- Have you bought cameras, sporting goods, or clothes through out-of-state catalogs?
- Have you bought furniture or appliances from stores across the state border?
- Have you bought records, tapes, or books via toll-free telephone numbers advertised on television?
- Have you bought clothes, jewelry, or art works while traveling and had it shipped home?

...Then you may owe Illinois use tax

If you didn't pay sales tax when you bought those items, you owe Illinois use tax. Or if the state sales tax you paid wasn't as much as what you would have paid if you bought that item in Illinois, then you owe use tax.

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## **What is the use tax?**

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The use tax is a form of sales tax which is imposed on the privilege of USING merchandise in Illinois. If no sales tax is paid to Illinois or to some other state when an article is purchased, then use tax is owed to the state where the article will be used. This applies to both businesses and individuals.

If an Illinois business buys file cabinets and other office supplies out-of-state, and doesn't pay Illinois tax (or an out-of-state sales tax equal to the use tax imposed by Illinois), then use tax is owed to Illinois.

If an Illinois resident goes to another state to buy a sofa or a refrigerator, but doesn't pay that state's sales tax because it's being shipped home to Illinois, then Illinois use tax is due.

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## **How long has Illinois had such a tax?**

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The Illinois use tax was imposed in 1955.

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## **Why is there a use tax?**

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The use tax is a protection for our in-state businesses so they aren't forced to compete against businesses which sell merchandise tax-free. It also assures fairness in the tax burden for you and other Illinoisans who purchase similar items in our state and pay the state sales tax. All 45 states which impose sales taxes also have complementary use taxes on the privilege of using goods within their borders.

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## **Why haven't you heard of this tax before?**

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In the past, most of the use tax has been paid without fanfare. People who buy automobiles out of state have to pay the tax before the vehicle will be licensed or titled in Illinois. Businesses are probably more aware of this tax, since they often have professional tax advice and are sometimes visited by auditors who remind them of their tax responsibilities in this area.

The ordinary consumer wasn't affected greatly until recently when two-income families and other influences caused a dramatic increase in business done through catalogs and telemarketing.

Electronic funds transfer and home computer shopping are expected to increase these types of purchases even more in the future. By the

year 2000, one in every four consumer dollars is expected to be spent through mail order sales alone.

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### **How do you know if you owe it?**

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You owe Illinois use tax if (1) you buy something from an out of state business, and (2) that business doesn't charge you a state sales tax (either for Illinois or for the state where the sale took place), and (3) that item would have been taxable if purchased in Illinois. This means, for instance, that if you order merchandise through a catalog and that company doesn't list Illinois as one of the states which they are collecting sales taxes for, then you are separately responsible for paying those taxes.

On the other hand, if you buy an item in another state, pick it up there and pay that state's sales tax, you probably don't owe additional taxes to Illinois. However, if the sales tax you pay in another state is less than the Illinois 5 percent tax, then you would owe the difference.

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### **How much is the Illinois use tax?**

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The Illinois use tax is 5 percent, identical to that of the Illinois sales tax (except for the tax on motor vehicles licensed and titled in Illinois, where local taxes may be due as well).

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### **Why don't out-of-state businesses collect the tax just like our in-state businesses do?**

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Out-of-state businesses cannot be required to collect this tax because they don't have a physical presence (such as a store or warehouse) in Illinois. Some do collect it as a courtesy to their customers. Federal legislation is being proposed to require this of larger out-of-state businesses.



Illinois Department of Revenue

# Use Tax Return

*Do not use this form for motor vehicle or aircraft purchases.*

*Please type or print  
using black ink.*

**Make remittance payable to:** Illinois Department of Revenue  
**Mail to:** Illinois Department of Revenue, Retailers' Occupation Tax, Springfield IL 62796-0001

Purchaser's name

Street address

City

State

IL

ZIP code

County

(area code) Telephone number

Item(s) description

Purchase price

Purchase date

mo. / year

Col. 1)

Tax Due

Col. 2) Tax Paid at Purchase

Col. 3)

Net Tax Due (710)

This form is authorized as outlined by the Illinois Use Tax Act. Disclosure of this information is REQUIRED. Failure to provide information could result in a penalty. This form has been approved by the Forms Management Center. IL-492-1880

Under penalties of perjury and other penalties as provided by law which include a fine, or imprisonment, or both, I declare that this return and statements, to the best of my knowledge and belief are true, correct and complete.

Official Use

I.B.T. No.

0775-0005

Complete (A) if you have an FEIN.

Complete (B) if (A) is not applicable.

(A) Federal Employer Identification Number

(B) Social Security Number

RUT-44 (R-11/86) Signature: X

Date: \_\_\_\_\_

Official Use

ILLINOIS STATE LIBRARY



**Remittance:** Pay the amount in column 3  
**Payable to:**  
Illinois Department of Revenue

**Mail to:** Illinois Department of Revenue  
Retailers' Occupation Tax  
Springfield IL 62796-0001

## Instructions for Completing and Filing the Use Tax Return

**Who Must File:** Any person, firm, corporation, or association not registered under the Retailers' Occupation Tax Act or Use Tax Act should use this form to report and pay Use Tax on items purchased outside Illinois for use in Illinois. If tax has been paid to the other state, a credit may be claimed for such tax in column 2.

**How To File:** The following are instructions for reporting Use Tax:

- A. Transaction Identification Information** — Please complete all lines requesting transaction identification information, i.e., name and address, purchase date, etc.
- B. Use Tax Computation** — • Column 1) Enter 5% of the purchase price. • Column 2) Enter tax paid at the time of purchase. If column 2 is greater than column 1, you do not have to file this return. • Column 3) If column 2 is less than column 1, enter the difference.

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## **How do you pay it?**

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In some instances, the merchant will collect it for you to save you the paperwork. Illinois is encouraging businesses to do this.

However, if the business you bought merchandise from did not collect tax, then you can obtain an Illinois use tax form (RUT-44) and file it yourself. These forms are available at any Illinois Department of Revenue office or by phoning toll-free 1 800 732-8866. Forms are also available by writing: Illinois Department of Revenue, P.O. Box 19010, Springfield, IL 62794-9010.

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## **Why are we telling you about this now?**

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States are making major commitments to solving this problem since our business communities suffer when this happens — and states lose tax dollars which have to be made up some other way. Illinois has entered into an agreement with the other Great Lakes States to share information and to assist each other in finding and collecting this tax.

We are encouraging out-of-state businesses to voluntarily register and collect our taxes. If they do not, we will be contacting their customers for payment — which means we may be billing you directly for taxes due. And those bills could include penalty and interest.

## **It's only fair . . .**

It's only fair to make sure that out-of-state merchants don't have a competitive advantage over our Illinois businesses.

And it's only fair to assure an equal tax burden on our citizens, and certainly not a tax break for those persons who buy out of state.

## For further information . . .

If you need information on paying your use taxes, obtaining a tax form (RUT-44), or registering for sales or use taxes, visit your nearest district office of the Illinois Department of Revenue (offices are located in Chicago, Champaign, Des Plaines, Evergreen Park, Fairview Heights, Forest Park, Marion, Peoria, Rock Island, Rockford, Springfield, Wauconda, and West Chicago).

Or you can call or write the department at:

1 800 732-8866

Illinois Department of Revenue  
P.O. Box 4007  
Springfield, IL 62796-0001

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